

## **Budgeting for Results Commission**

**October 28, 2011**

**1:00 – 2:30 PM**

### **Teleconference Meeting**

#### Commissioners Participating:

Chairman, Senator Dan Kotowski  
 Sheila Simon, Lieutenant Governor  
 Senator Pamela Althoff  
 Senator Tony Munoz  
 Representative William Davis  
 Representative Kent Gaffney  
 John Bouman  
 Carole Brown

Maria de Jesus Prado  
 Larry Joseph  
 Lyle Logan  
 Jim Lewis  
 Roger Myerson  
 Alex Rorke  
 Jose Sanchez  
 Kevin Semlow  
 Steve Schnorf

#### Executive Appointments:

John Kamis, Senior Advisor to the Governor

Cristal Thomas, Deputy Governor

#### **Meeting:**

Chairman Kotowski called the meeting to order. John Kamis requested that Commissioners only discuss substantive changes at the meeting. Technical or grammatical errors in the report can be sent to him via e-mail.

#### **Feedback:**

*Process:* Commissioners decided to discuss substantive feedback on the report and to make recommendations on that feedback at the meeting.

**Mandates:** Some Commissioners believed that the language in the mandates section of the draft did not reflect the importance of mandates. They stated that on page 12 of the draft, under spending mandates, the language is negative and implies that mandates are either unnecessary or unwarranted. This is not the case. Instead, the general discussion of mandates should acknowledge that in some instances, mandates are necessary. It should be clarified that Medicaid is a voluntary program, and if a state chooses to participate in it, then certain mandates will apply. Additionally, the report should clarify that different types of mandates exist. The identifying a specific number of mandates (1700) implies that there are too many mandates.

- **Recommendations:** The Commission agreed to keep the number of mandates in the report in order to illustrate the difficulty of eliminating mandates and to emphasize why the Commission needs to meet for another year. Commissioners decided that they are not

implying that all mandates are spending mandates. They agreed to leave “spending” in the mandates section on page 12.

Budgetary Transfers (Recommendation #22): Other Commissioners believed that the language should be altered to state that there is a growing concern that budgetary transfers be subject to annual appropriations. Commissioners raised the idea that language could indicate “increasing support that transfers be subject to the budget process, with exceptions for cash-flow transfers, Medicaid intergovernmental, and others. Steve Schnorf explained that statutory transfers are often meant to avoid the appearance of a double appropriation.

- Recommendations: The Commission decided to include a general commentary that budget transfers should be reviewed. The Commission will come up with language and exceptions, including exceptions for revolving funds and debt service.

Test for Return on Investment (P. 10, Line 5): Commissioners expressed a concern about unfairness in testing different results for their returns on investment. The specific concern was that cultural resources are not evaluated for their return on investment in the current draft of the report. In contrast, the Commission has decided to try and measure other hard to measure results, such as Human Services related results. If the Commission can measure Human Services related results, then surely it can measure the value of cultural changes.

- Recommendations: Commissioners decided to add language that would make cultural resources and results subject to their value. On number six, the Commission will add “subject to the assessment of their value.” This will ensure fairness between Human Services and cultural results by making both subject to returns on investment. Additionally, the Commission agreed to add “start with available revenue.”

Work in Progress: Commissioners wanted to state that the document is “a work in progress” in the allocations framework on the report.

- Recommendations: Commissioners agreed that the allocations portion of the report will explicitly state that the Commission will revise and refine this section over the next year. The report will be clear, especially in the Allocations framework, that the content of the report is a work in progress.

Quality of Results (p. 8): Commissioners discussed the quality discrepancy in the list of Results (or Recommendation #12). Result #4, Result #5, and Result #7 have discrepancies in “quality of life,” “high quality of life,” and “high quality health care.” The Commission debated whether it should include “high” in Results #1, 4, and 7, or whether it should take quality adjectives like “high” and “adequate” out of the Results. Additionally, Commissioners debated whether to include “protection of the most vulnerable” in Result #4.

- Recommendations: Commissioners agree to take out some quality adjectives from the list of Results. By taking out quality adjectives, the results will have more uniformity. Governor’s

Office Staff will remove “high quality” from the Results. Commissioners also decided to engage in further discussion on Sharepoint.

Order of Results (p. 8): Additionally, Commissioners debated the order of the list of Results. Specifically, they debated whether the goal of having government operate effectively and efficiently should be located first in the Results list and whether health care related Results should be located together.

- Recommendations: Commissioners decided that Result #7 (All Illinois resident have access to quality, affordable health care) should go before Result #4 (Illinois assures that all residents, but particularly children, the elderly and disabled, are able to experience a quality life.). Additionally, Commissioners agreed that Result #6 (Illinois state government operates effectively and efficiently), should move to Result #1 and that it should be expanded to state that Illinois state government should operate “efficiently, effectively, and transparently.” Lastly, they elected to add “to achieve the results below” at the end of the Government Result.

Medicaid Liability (p.11): Commissioners debated Recommendation #15 (Medicaid liability). They inquired whether statute mandates that Illinois pay its Medicaid liability this year, or whether Illinois defer its liability to next year. It was explained that statute includes a time table for deferring Medicaid to next year.

- Recommendations: The Commission decided that deferred Medicaid liabilities not be listed as cost savings. They moved the phrase “as required by the Medicaid statute” to follow the phrase “The State should develop a plan to move toward funding its full Medicaid liability each year.” Additionally, Commissioners consented to take out the phrase “to move toward funding” and reword it so that the first sentence reads: “The State should develop a plan to fund its full Medicaid liability each year, as required by the Medicaid statute, rather than delaying them into the following year.”

Report Organization: Commissioners considered whether to include Logic Modeling in the report or in the Appendix. Certain Commissioners expressed the concern that the average reader could get overwhelmed in detail.

- Recommendations: The Commission agreed that the Logic Modeling section connects the report back to GOMB staff work. They decided to move Logic Modeling to the end of the report, and to transform it into a section of the steps that the Governor’s Office is taking to implement BFR. As a result, a section on BFR implementation will be included in the end of the Report.

Revenue Estimates (p.11): GOMB raised some concerns with Recommendation #13. They explained that GOMB and COGFA already are required to reconcile their numbers. Additionally, HB 3770 attempts to achieve this recommendation. GOMB is concerned that if this recommendation goes into the report, then it could lend credence to a bill that GOMB does not

support. GOMB would prefer that the recommendation read that the House and Senate must develop as close to a consensus as possible on a single revenue number. 5424 does not allow a prediction of revenue that is not in the books prior to their presentation.

- Recommendations: Commissioners decided that they would keep this recommendation in the report.

Payment of Bills: Commissioners noted that nothing in the report addresses the State's ability (or inability) to pay its bills.

- Recommendations: Senator Althoff will provide language on this subject.

Budget Book: GOMB further raised concerns with Recommendation #20, part two which states that the Governor's Budget Book should include itemized data on transfers into and transfers out of the General Revenue funds.

- Recommendations: GOMB will work with John Kamis on language. Language may come from the Comptroller and included in the report.

Technical/Clean-Up Changes:

- *Recommendation #1 (p. 6):* Commissioners consented to change the first sentence and require each agency to align with one result area and to delete the second sentence under this recommendation.
- *Sub-goals (p. 6):* Commissioners decided to soften the sentence on page 6 about the Commission "lacking expertise." Instead, the sentence will read that the Commissioners could not attempt to provide sub-goals.
- *Recommendation #9 (p. 7):* Commissioners decided to change "medical assistance" to "health care."
- *Recommendation #18 (p. 18):* Commissioners agreed to break out the five systems separately.

Next Steps:

Commissioners agreed to approve the October 24<sup>th</sup> minutes at the next meeting.

A new draft of the report will be shared tomorrow on Sharepoint. Commissioners are encouraged to send typos to John Kamis and to engage in discussion about substantive issues on Sharepoint. If Commissioners are making technical changes, they should please track their changes in the document, save it as their last name, and send it to Jennie Sutcliffe. If Commissioners are unable to attend the call on Monday, please let Jennie know so that she can find a voting replacement. Additionally, if Commissioners have any questions or concerns, John Kamis will be available over the weekend.